

INSTITUTE OF CHARTERED SHIPBROKERS

APRIL 2008 EXAMINATIONS

MONDAY 21 APRIL – MORNING

INTRODUCTION TO SHIPPING

Time allowed – Three hours

Answer any FIVE questions – All questions carry equal marks

1. Various international conventions, for example, 'Rules' are often incorporated into charter parties. Name some of these Rules, describing their purpose and principal features.
2. What is the difference between general accounting, book-keeping and management accounting? Give some descriptive examples of those items which are of principal interest to Management.
3. Select one mineral dry cargo carried in bulk and trace voyage possibilities from a west coast India port to a discharge port located on the Mediterranean coast of France.
4. A ship owner operating a growing fleet is unsure whether to expand his employed staff or place the ships under partial or total management. Which points will be taken into consideration and what will a management company be expected to offer?
5. Define and describe intermodalism. Separately discuss advantages and disadvantages for shippers, terminal operators and 'lines'.
6. Extend the initials, 'LNG' and 'LPG'. Describe the different characteristics of these cargoes, their end use and carrying ships.
7. 'Laydays' are often confused with 'laytime'. Explain both terms and describe the penalties on owners and charterers for non-compliance.
8. Suggest reasons why a country may wish to assist or even establish a national flag merchant fleet. Describe how this policy might be implemented in practice and any problems which may be encountered.

THE INSTITUTE OF CHARTERED SHIPBROKERS

INTRODUCTION TO SHIPPING (IS)

2008

EXAMINER'S REPORT

OVERALL COMMENTS

The trend this year is marked by a downward graphical score slope; although pleasingly a far higher percentage of candidates attempted the required FIVE questions.

QUESTION 1 – 'RULES'

Whilst not always a popular question; nevertheless, the answers were detailed and proved a reasonable understanding, exemplified by clause quotations: lacking in many cases were any references to incorporation into national law and some remarks relevant to the 'General Clause Paramount'. Unfortunately a minority achieved token scores by misinterpreting the 'Rules' as charter party clauses. Students who attempted this question commendably embellished their answers with 'Liner Trade' operation and most importantly demonstrated a good working knowledge of the *Rules*

QUESTION 2 – ACCOUNTING

This and previous years indicate that accounting is a question of last choice and quite understandably the inclusion might be queried for industry new entrant students. The response is simply to restate the opinion that although these Courses are vocational; by their very nature, they are also concerned with Management, who in future years will hopefully be selected from today's students.

The few who did answer this question scored quite well and pleasingly covered all the required sections, with the principal emphasis placed upon WHY records are kept and HOW is the data put to practical use by those by those managing the organisation.

QUESTION 3 – GEOGRAPHY OF TRADE

The general style of comment reflected an enthusiasm and knowledge, which both were well within the student answering capabilities. To continue with the policy of consistency, 50% of marks were immediately lost by those who failed to include either a section diagram or map depicting the voyage direction possibilities and thankfully there were very few schematic omissions. Students were not expected to name ports at either end, although those who made the entry received deserved bonus marks. Every answer named a mineral(s) and nearly all illustrated the voyages accompanied by the required appropriate ship size/type.

QUESTION 4 – SHIP MANAGEMENT

Popular and well answered with some interesting and thought provoking arguments. Surprising none included a hierarchal chart depicting the Management disciplines, although in fairness the divisions were described in a knowledgeable fashion. Much comment focused upon the ship unit number cut-off point, with some attached clear reasoning for organic expansion below the selected number and total management thereafter. The length of this answer was often spread over several pages with much superfluous writing upon crew social benefits; which whilst interesting was unnecessary: suggestion – *keep the remarks factual.*

QUESTION 5 – INTERMODALISM

Knowledgeable answers, possibly reflecting the growing student numbers employed in the Liner Trades. The transportation modes of road, rail and deepwater ship were fully described, yet few mentioned the less frequently used modes of air and barge. Hubs and Feeders were covered and the mostly higher scores were achieved through correct interpretation of the advantages and disadvantages applicable to the three named parties. Bonus points were given to those who ventured outside of containers and included for example the shrink wrapped pallet.

QUESTION 6 – LNG / LPG

Candidates may have interpreted this as a gift question and the enthusiastic and descriptive answers certainly displayed a working knowledge. Unfortunately many extended the ‘N’ to nitrogen and quite surprisingly the two carrying characteristics were reversed. Some accurate diagrams were presented, together with informative comment. Not one answer revealed the purpose of ‘L’ as space and handling convenience, although several comments were made upon re-gassification *prior to shipment.*

QUESTION 7 – LAYDAYS / LAYTIME

Perhaps an opening comment should read that laydays ARE confused with laytime when describing the difference in an examination question. The intention behind this question was certainly NOT to confuse, although several answers did suggest a national ports’ policy whereby the ship operating parties are severely penalised for late presentation, completely separate from the contractual terms agreed at the time of fixture: these penalties were given far more prominence than charterers’ powers contained within voyage charter parties. Answers were further complicated by a misunderstanding of the differences between voyage and time charter.

QUESTION 8 – NATIONAL FLAG FLEETS

Surprisingly far more was written on this topic than the other questions AND presented with considerable enthusiasm, particularly as regards the merits and reasons in favour of national flags. Much thought-provoking comment highlighted the dangers of a national flag being confused with the latest flag of convenience. Policy implementation received brief coverage and regrettably hardly any answers dealt with the worst possible situation when and if state assistance is withdrawn.

CONCLUSION

Whilst many of these comments may appear adversely critical; on the positive side it was a relief to read narratives free from text messaging abbreviations, which are frequently encountered within the distance learning Course submissions: congratulations upon this point to tutors!!!

Many students, when in the Course early stages, ask how important is the knowledge of the English language vocabulary and grammar. It is worth repeating that in this sense the student is only being tested upon their powers of BUSINESS COMMUNICATION.